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C O N F I D E N T I A L SECTION 01 OF 02 COLOMBO 001674

SIPDIS

DEPARTMENT FOR SA, SA/INS

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TAGS: [PGOV](#) [PREL](#) [ECON](#) [SOCI](#) [MV](#) [ECONOMICS](#)

SUBJECT: During visit by U.S. team, southern Maldives quiet on political front, focused on development issues

Refs: Colombo 1665, and previous

(U) Classified by James F. Entwistle, Deputy Chief of Mission. Reasons 1.5 (b, d).

1. (C) SUMMARY: A U.S. team visited the southern Maldivian island of Gan on September 23. With roughly a fifth of the population of the Maldives, the southern region was placid politically, showing little tension in the wake of the recent riots that rocked the capital of Male'. In discussions, locals were focused on development activities, including upgrading the local airport so that it could support international tourism. The team also visited a garment factory making goods for U.S. companies. While remote and less affluent than Male', the southern region seems poised to take a more central role in Maldivian affairs. END SUMMARY.

2. (SBU) VISIT TO GAN: Polchief, poloff and Pol FSN visited the southern Maldivian island of Gan on September 23. Gan, the southernmost point in the Maldivian chain, is located just south of the Equator, about 400 miles due north of Diego Garcia and the Chagos Archipelago. Gan is also the central island in the south, a region which has a population of roughly 60,000 people (just over a fifth of the Maldives' total population of 270,000). The region comprises the atolls of Addu (where Gan is located), Gnaviyani, and Northern and Southern Huvadho. The islands comprising these atolls are some of the largest, in terms of surface area, in the Maldives, but still very small (Gan's size is only about 2.5 square miles).

3. (U) The area is quite scenic. While the Indian Ocean pounded the edges of the island's palm-fringed shore, the residents conducted their business in modern-looking shops along well-kept sandy streets. Houses were constructed of concrete and surrounded by mason block walls. In general, residents of the region seemed to be somewhat less well off compared to those living in Male', the Maldivian capital. That said, many homes had satellite dishes and, as with the rest of the Maldives, there was little overt sign of poverty.

4. (C) ALL QUIET ON THE POLITICAL FRONT: The southern region was placid politically, showing little tension in the wake of the riots that rocked Male' on September 20 (see Reftels). Mr. Hamid Yoosuf, the Addu Atoll Chief (effectively the local governor), and Mr. Ahmed Zilal, the Deputy Atoll Chief and a relative of President Gayoom, told the team that there had been no unrest in the southern region sparked by what had happened in the capital. Hewing closely to the government's line, both officials underscored that they considered the riots to have been perpetrated by "drug users" and other "criminals," and to have nothing to do with politics or anti-President Gayoom sentiment. In a meeting with the U.S. team, none of the local residents present brought up the riots, preferring to talk about infrastructure projects (see below). Local residents did predict, however, that President Gayoom would come out on top in the ongoing Maldivian presidential selection process (see Reftels).

5. (U) DEVELOPING THE SOUTH: In discussions, locals were generally focused on infrastructure improvements. One of the major projects currently being implemented involves upgrades to the Gan airport so that it can support tourism. The airport, which had been built by the British and served as a RAF base until 1976, currently has a runway long enough to accommodate large jet aircraft. The airport, however, does not have the ability to service big planes, and the government has contracted an Irish company to provide protective hangars and modern fuel stations, etc. In addition, the government is exploring the possibility of establishing a flight school. The government hopes to use the upgraded airport to bring international tourists directly to the southern region, thus avoiding Male's international airport, which is located far to the north. As part of this strategy, the GoRM has plans to develop tourist resorts in the region (there were none in the south at this time) to add to the roughly 90 such

resorts located further to the north. The major hotel chain Shangri-La is planning to open a large resort in 2004 near Gan I island.

16. (U) Another important infrastructure project had recently been completed -- and had already become the pride of the whole Maldives. This was Addu Atoll's "link" road, by far the longest road in the Maldives. Designed to improve communication and facilitate travel between Gan and the three other islands it connects, the modern ribbon of asphalt was 12 kilometers long and had been ceremonially opened up by President Gayoom in July. (We understand there have already been several "high speed" accidents on the route.)

17. (SBU) VISIT TO GARMENT FACTORY: The team also visited a garment factory located adjacent to Gan airport. The factory, one of four such facilities located in the area, is run by a Sri Lankan company, MAS Holdings, and makes products under license to Sara Lee Courtaulds, a U.S. company. Over 2,000 Sri Lankan women work at the sprawling factories. Based on the team's brief visit, the working and living conditions appeared good. The team was informed that there were regular visits by the U.S. licensor to check on the workers' situation. According to the managers, the factories are profitable and the company maintains a very good relationship with the Maldivian government. They added, however, that the future of the factory was in doubt and the factories might close given the elimination of garment quotas in 2005 under the WTO's Multi-Fiber Agreement. The local Maldivian officials the team met with were unsure how the GoRM would recoup lost revenue if the factories indeed did shut down.

18. (C) COMMENT: While remote and less affluent than Male', the southern region seems poised to take a more central role in Maldivian affairs. Already, there are a fair number of southerners serving in high-level government circles in Male'. Southerners also have a reputation as being thrifty and good at business, with many now working in the country's tourism sector. That said, since Maldivian independence in 1965, the northern atolls where Male' is located have benefited more from government largesse than the south. With the infrastructure projects now being implemented by the government, however, the south appears set to catch up to some extent. Such spreading out of opportunity to other regions is a potentially positive development in the Maldives given what many observers consider the top-heavy, authoritarian nature of government authority emanating from Male'. END COMMENT.

19. (U) Minimize considered.

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